



Procter & Gamble
Hygiene and Health Care Limited
ANNUAL REPORT
2016-2017

P&G

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Corporate Information

Board of Directors & Key Managerial Personnel

| | |
|---------------------------------|-------------------------|
| Mr. Rajendra A. Shah | Chairman |
| Mr. Al Rajwani | Managing Director |
| Mr. Bansidhar S. Mehta | Director |
| Mr. Anil Kumar Gupta | Director |
| Mr. Pramod Agarwal | Director |
| Mr. Karthik Natarajan | Director |
| Ms. Sonali Dhawan | Director |
| Mr. Shaillyamanyu Singh Rathore | Director |
| Mr. Prashant Bhatnagar | Chief Financial Officer |
| Mr. Ishan Sonthalia | Company Secretary |

Registered Office:

Procter & Gamble Hygiene and Health Care Limited

(CIN: L24239MH1964PLC012971)

P&G Plaza, Cardinal Gracias Road, Chakala,

Andheri (East), Mumbai – 400 099

Tel. No.: (022) 2826 6000 (Extn: 7468/7283)

Email Id: investorpghh.im@pg.com

Registrar & Share Transfer Agents:

Link Intime India Private Limited

C-101, 247 Park,

L.B.S. Marg, Vikhroli (West),

Mumbai – 400 083

Tel. No.: (022) 4918 6270

Fax: (022) 4918 6060

e-mail: rnt.helpdesk@linkintime.co.in

Auditors:

Statutory Auditor:

Deloitte Haskins & Sells LLP

Chartered Accountants

Cost Auditor:

Ashwin Solanki & Associates

Cost Accountants

Secretarial Auditor:

Dholakia & Associates LLP

Company Secretaries

Listed on Stock Exchanges:

National Stock Exchange of India Limited

BSE Limited



Mr. R. A. Shah
Chairman



Mr. Shah is a leading solicitor and a senior partner of Crawford Bayley & Co., a firm of solicitors and advocates. He specializes in broad spectrum of corporate laws. He is a Director on the Boards of several prominent companies in India.

Mr. Al Rajwani
Managing Director



Mr. Rajwani received his degree in Chemical Engineering from the University of Calgary (Canada) in 1981. He has more than 35 years' experience working for Procter & Gamble in a variety of leadership roles across Product Supply, Marketing and General Management positions in the US, Canada, China, Korea and Arabian Peninsula.

Mr. B. S. Mehta
Director



Mr. Mehta is a graduate in commerce and a Fellow Member of The Institute of Chartered Accountants of India. He is a Chartered Accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a Director on the Boards of several prominent companies in India.

Mr. A. K. Gupta
Director



Mr. Gupta is an engineer from IIT New Delhi. He also holds a PG Diploma in Industrial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. He has a vast experience of over 40 years in India and abroad in the field of Manufacturing, Projects and Supply Chain Management.

Mr. Pramod Agarwal
Director



Mr. Agarwal is an MBA from Indian Institute of Management, Ahmedabad. After over 28 years of experience with P&G, he retired in 2016. He has worked in seven geographies – India, Thailand, Japan, Philippines, USA, Singapore and Switzerland. Mr. Agarwal has led several major changes which have had a lasting impact on the business and organization.

Mr. Karthik Natarajan
Director



Mr. Natarajan is a Chartered Accountant and has completed his Bachelor of Commerce from RA Podar College, Mumbai. Mr. Natarajan has been with P&G for over 16 years and is currently the Director, Finance & Accounting, India, Middle East & Africa. He has, over his experience at P&G, worked across multiple locations including India, US, China, Philippines and Singapore.

Mr. Shail Yamany Singh Rathore
Director



Mr. Rathore graduated in Law from Maharishi Dayanand University, Rohtak, and completed his Masters of Law from Bond University, Australia. He is a fellow member of the Center for American and International Law, Texas. Mr. Rathore has been associated with Procter & Gamble for last nine years and has held various positions in legal department in Singapore and India.

Ms. Sonali Dhawan
Director



Ms. Dhawan is a graduate from Lady Shriram College, with a B.Com. (Hons.) in Business Studies. She completed her MBA in marketing from the Indian Institute of Management, Ahmedabad. She has been awarded as 'Marketer of the Year FMCG' by IAA awards in 2014 and has been rated as Number 7 in the IMPACT 50 most influential women in Marketing and Advertising for last two years.



Mr. R. A. Shah
Chairman

Dear Shareholders,

It gives me great pleasure to share with you the overall performance of our Company in 2016-17.

Sales were up 3% versus year ago, while Profit After Tax (PAT) grew by 2%. Despite the market volatility and macro-economic challenges of this Financial Year, your Company delivered growth and created value. This was driven by continual sharp focus on winning with consumers, customers and

shareholders. The markets are starting to recover. It is this dedicated approach towards value creation that will drive the business for years to come.

This Financial Year, the Board of Directors declared a special interim dividend of ₹ 362/- per Equity Share from accumulated surplus from profits of earlier years and the current year to celebrate 30th anniversary of Make in India of its flagship brand *Whisper*. This takes Total Dividend for the Financial Year to be ₹ 389/- per Equity Share.

With the growth in disposable income and increased urbanization, the outlook for Consumer goods industry remains positive. We will continue to innovate so that we grow sales, profit and cash more consistently and more sustainably.

As a responsible Company, we also do right thing for the communities we operate in. *P&G Shiksha* the Company's flagship CSR provides children from underprivileged backgrounds with an access to a holistic education. By the end of Financial Year 2016-17, *P&G Shiksha* built and supported over 1,500 (+500 since last year) schools across the country that will impact the lives of over 1.2 million (+200,000 since last year) children.

As a Company, we are keenly focused to create value for our shareholders. We are continuing to make progress to strengthen business fundamentals, improve productivity and empower our organization and culture to deliver sustained strong performance.

Lastly, I would also like to express my gratitude to all our consumers, customers, employees, business partners and YOU, our valued shareholders. I look forward to your sustained support and participation in the growth of our Company.

R. A. Shah
Chairman

Dear Shareholders,

It gives me great pleasure to share with you the overall performance of our Company in 2016-17, which was a very challenging year due to volatile market conditions. This Financial Year, we continued our journey towards sustainable balanced growth with a brutal obsession with fundamentals. We're raising the bar across everything we do to continue to accelerate sales growth, improve productivity, and empower our organization and culture to deliver sustained, strong performance.



Our Company delivered sales of ₹ 2,419 crores, up 3% versus year ago despite challenges of liquidity crunch in the second quarter and trade destocking ahead of GST in the fourth quarter. The Company responded to these challenges with agility and continued to strengthen brand fundamentals. **The Profit after Tax (PAT) for the Financial Year stood at ₹ 433 crores, up 2% versus year ago.**

We are establishing a higher standard of excellence for all our brands, with greater superiority in all elements of our consumer proposition. These include superior products, superior packaging, superior brand communications, excellent in-store & online execution and winning consumer & retail value equations.

In the Feminine Care business, *Whisper* continues to be the market leader with several strategic initiatives launched in the Financial Year to meet the consumers' needs across both top and mid-end of the segment. On top end of the portfolio, we made a strategic foray in emerging comfort segment with our new *Whisper Ultra Soft* product launch which offers a no-trade off experience between comfort and protection. Our digital *#LikeAGirl* campaign struck a chord with millions of girls strengthening *Whisper's* brand connect with consumers and won several external recognitions: *Best Local Execution of a Global Brand (Bronze)* by Festival of Media, and *Most Engaging Campaign* on Instagram across Asia Pacific by Campaign Asia and Unmetric.

On *Whisper Choice*, we continued to drive increased usage of sanitary napkins, particularly among non-users in their early teen years via new '*Check Check*' campaign and continued to focus on the 'Point of Market' entry consumers. We also continued to extend the availability of breadth and depth of our portfolio via sharply designed Go-to-market plans.

In the Health Care business, your Company posted strong sales growth this Financial Year. We continued to grow share in the Cough & Cold category with offtake growing strong double-digit behind the strength of our equities and our portfolio, which includes *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500 Advanced* and *Vicks Inhaler*. We're setting a higher standard of excellence on advertising quality with a focus on brand performance claims that communicate the brand's benefit superiority to create awareness and trial. The *Vicks #Touchofcare* campaign was a great example of that. *Vicks VapoRub* grew penetration and has gained share in the Financial Year 2016-17. *Vicks Cough Drops* offtake grew strong with share gain in the Cough Lozenges category.

As the business grows, we continue to drive positive change with our brands. A great example of this is P&G's '*Whisper School Program*' in schools. Today, the program on an average reaches 4.4 million girls annually, providing them with timely menstrual education and product samples. P&G's *Whisper School Program*, over the past 2 decades, has protected millions of adolescent girls in India from unhealthy practices of using unhygienic cloth for sanitary protection.

We are also strengthening our Go-to-market execution. In stores, this means having the right store coverage, product forms, sizes, price points, shelving and merchandising execution. Online, it means having the right content, assortment, ratings, reviews, search and subscription offerings.

As a responsible corporate citizen, ours is a Company that cares and strives every day to improve lives. Not just for the consumers that trust our brands, or the many partners that we work with, but also for the communities in which we operate. By the end of Financial Year 2016-17, our flagship CSR program *P&G Shiksha* built and supported over 1,500 (+500 since last year) schools across the country that will impact the lives of over 1.2 million (+200,000 since last year) children. Over the recent years, we are especially excited about the impact *P&G Shiksha* has been making to improve the 'quality of education' which we believe can result in far-reaching impact on the learning outcomes and overall development of the children we reach. Through our *Early Childhood Education and Remedial Learning* programs, our goal is to set up *P&G Shiksha* students up for success from the day they enter school to the day they graduate.

India's FMCG sector continues to be an important contributor to the country's GDP. After a challenging year, the market has started showing signs of recovery. We will continue to focus on balanced growth behind brand fundamentals, strength of product portfolio and improved in-store execution.



Al Rajwani
Managing Director

REPORT OF THE DIRECTORS

Your Directors have the pleasure of presenting the 53rd Annual Report and the Audited Accounts of the Company for the Financial Year ended June 30, 2017.

FINANCIAL RESULTS

(Figures in ₹ crores)

| | 2016-17 | 2015-16 |
|-------------------------|---------|---------|
| Revenue from operations | 2419 | 2349 |
| Profit before tax | 672 | 636 |
| Profit after tax | 433 | 423 |

FINANCIAL YEAR

The Company continues to follow its Financial Year as July 1st to June 30th, pursuant to the approval received from the Company Law Board in terms of Section 2 (41) of the Companies Act, 2013.

DIVIDEND

The Directors are pleased to recommend a final dividend of ₹ 27/- per Equity Share for the Financial Year ended June 30, 2017. During the Financial Year, the Board of Directors declared a special interim dividend of ₹ 362/- per Equity Share, out of the profits for the current year and accumulated surplus from profits of earlier years. This was to celebrate 30th anniversary of Make in India of its flagship brand *Whisper*. The said interim dividend was paid to the Shareholders on June 1, 2017.

BUSINESS PERFORMANCE

Your Company delivered another year of balanced performance in a volatile external environment growing both top and bottom line. This was possible due to its strength of product portfolio and superior

value propositions. Sales for the Financial Year 2016-17 increased by 3% to ₹ 2419 crores as against ₹ 2349 crores during the previous Financial Year.

Profit after tax increased by 2% to ₹ 433 crores while Profit before tax increased by 6% to ₹ 672 crores. This was behind continued focus on productivity and cost efficiency.

Hygiene Business

In the Feminine Care business, *Whisper* continues to be the market leader.

During the Financial Year, several strategic initiatives were launched to meet the consumers' needs across both top and mid end of the segment. We made a strategic foray in emerging comfort segment with our *NEW Whisper Ultra Soft* product launch which offers a no trade off experience between comfort and protection. Our digital *#LikeAGirl* campaign struck a chord with millions of girls strengthening *Whisper's* brand connect with consumers and won several external recognitions: *Best Local Execution of a Global Brand (Bronze) – Festival of Media*, and *Most Engaging Campaign* on Instagram across Asia Pacific by Campaign Asia and Unmetric.





On *Whisper Choice*, we continued to drive increased usage of sanitary napkins, particularly among non-users in their early teen years via new 'Check Check' campaign and continued focus on the 'Point of Market' entry consumer. We also continued to extend availability of breadth and depth of our portfolio via sharply designed Go-to-market plan.

Old Spice de-grew on value sales in the Financial Year 2016-17. It was a conscious choice to hold back investments on the brand until we have a winning proposition in a category that is highly dynamic and competitive.



Health Care Business

The Company's Health Care sales posted strong growth this Financial Year. The Company continued to grow share in the Cough & Cold category with offtake growing strong double-digit behind the strength of our equities and our portfolio, which includes *Vicks VapoRub*, *Vicks Cough Drops*, *Vicks Action 500 Advanced* and *Vicks Inhaler*. The growth was driven by combination of strong focus on driving brand fundamentals, key business drivers and equity building campaigns like #Touchofcare.



Vicks VapoRub grew penetration and has gained shared in the Financial Year 2016-17. *Vicks Cough Drops* offtake grew strong with share gain in the cough lozenges category behind our new campaign with the iconic '*Khich Khich Monster*'.



Overall, the Company continued to focus on driving consumer meaningful innovations backed by distribution expansion and strong advertising thereby delivering consistent growth.



*"I have often been asked what the essence of P&G's purpose is.
What the recipe is to becoming a reputed Company
which millions of people trust, everyday.
I have for them, but four words
'Touching lives. Improving life.'*

*Everyday, each one of us at P&G wakes up to try and see how we can get
just one step closer to improving lives, more completely.
Not just for the consumers that trust our brands, or the partners that we work with along the way,
but also for the communities in which we operate."*

Al Rajwani,
Managing Director